

Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

A280.3449
C 39
cap. 2

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY
NOV 20 1969

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
AUGUST 1969

Volume 14

Number 1

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - AUGUST 1969

The Federal Order MINIMUM uniform price to be paid producers for milk delivered to pool plants in the 0-65 mile zone is \$6.10. The MINIMUM price for producer milk delivered to a Cedartown, Georgia pool plant is \$5.92. These hundredweight prices are for milk testing 3.5% butterfat and are subject to a producer butterfat differential of 8.0 cents for each one-tenth of one percent above or below 3.5% test.

In August 1969, 72.4% of the producer milk received by pool plants was priced in Class I at \$6.74 per cwt. and 27.6% was priced in Class II at \$4.42 per cwt. The August butterfat differential for Class I was 8.1 cents and Class II was 7.8 cents.

Total producer milk received during August 1969 was 23,942,657 pounds which is an increase of 5,297,403 pounds or 28.4% compared with August 1968. The August daily average deliveries from 620 producers was 1,246 pounds. This compares to 541 farms delivering a daily average of 1,112 pounds per day during August 1968.

Tro-Fe Dairy Company (Beatrice Foods), Gadsden, Alabama, based on pre-audit reports filed with the Market Administrator, qualified as a pool plant for November 1968 under the Federal Order regulating the handling of milk in the Chattanooga, Tennessee marketing area.

It was determined, after audit, that an error was made in reporting Class I sales in the marketing area. Therefore, Tro-Fe Dairy Company qualified only as a partially regulated distributing plant for November 1968.

PLANTS DISTRIBUTING MILK IN FEDERAL ORDER NO. 90 AREA - AUG. 1969

POOL PLANTS - CHATTANOOGA

Happy Valley Farms, Inc.
Mayfield Dairy Farms, Inc.
Meadow Gold Dairies of Georgia
Ray Moss Farms, Inc.
Nance Dairy, Inc.
Sealtest Foods
Tenn. Valley Milk Producers, Inc.

FEDERAL ORDER NO. 101 - KNOXVILLE

Broadacre Dairies, Inc.
Norris Creamery, Inc.
Pet Inc.
Stoffell's Dairy, Inc.
Wolfe Enterprises, Inc.

PARTIALLY REGULATED - CHATTANOOGA

Superbrand Dairy Products, Inc.
Tro-Fe Dairy Company, Inc.

FEDERAL ORDER NO. 98 - NASHVILLE

Avalon Dairies, Inc.
Sealtest Foods

FEDERAL ORDER NO. 46 - LOUISVILLE, KY.

Ideal Pure Milk Company

FEDERAL ORDER NO. 7 - GEORGIA

Coble Dairy Products Cooperative, Inc.
Dempsey Bros. Dairies, Inc.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Aug. '69 over Aug. '68	Aug. 1969 19	July 1969 18	Aug. 1968 17
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 28.4	772,344	710,986	601,460
Other Source	- 17.2	30,780	43,658	37,194
Other Federal Orders	+ 69.8	367,432	279,336	216,421
TOTAL MILK RECEIPTS	+ 36.9	1,170,556	1,033,980	855,075
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 5.4	415,310	393,699	394,017
Skim - Regular	- 5.2	20,045	19,577	21,151
Skim - 2% Milk	+ 72.7	81,914	79,048	47,435
Buttermilk	- 4.3	47,633	47,625	49,794
Flavored Milk and Drink	+ 32.4	23,937	22,616	18,075
Creams (Sweet and Sour)	+ 1.2	3,237	3,132	3,200
Sub-Total - Pkg. Products (Pool Plants)	+ 10.9	592,076	565,697	533,672
Other (Shrinkage, Inventory, etc.)		3,532	5,509	5,993
Sales to Non-Pool Plants		123,552	167,807	130,913
In-Area Sales by Non-Pool Plants		42,755	49,699	37,487
TOTAL CLASS I MILK	+ 7.6	761,915	788,712	708,065
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	- 0.5	55,392	70,745	55,684
Cottage Cheese	+ 3.7	40,640	47,247	39,198
Powdered and Condensed Milk		51,800	8,844	-0-
Livestock Feed and Skim Dumped		5,113	7,074	8,162
Sub-Total - Used to Produce	+ 48.4	152,945	133,910	103,044
Shrinkage Class II		13,593	14,531	11,878
Other (Inventory Variation, etc.)		7,974	3,996	(21,342)
Bulk Sales to Non-Pool Plants		234,129	92,831	53,430
TOTAL CLASS II MILK	+ 178.0	408,641	245,268	147,010
Class I Pkg. Lbs. in Area - Pool Plants	- 1.1	456,775	441,375	461,811
Class I Pkg. Lbs. Out of Area - Pool Plants	+ 88.3	135,301	124,322	71,861
Class I Pkg. Lbs. in Area - Non-Pool Plants		42,755	49,699	37,487
% Producer Milk of Gross Class I		101.4	90.1	84.9
% Producer Milk Priced in Class I		72.4	78.4	83.9

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$1090.51(a) Amended</u>	<u>Sept. '69</u>	<u>Aug. '69</u>	<u>Sept. '68</u>
Basic Formula	\$4.42	\$4.41	\$4.33
Plus Class I Differential	1.95	1.95	1.95
Supply-Demand Adjustment	0.48	0.38	0.42
Class I Price, 3.5% Butterfat (0-65 Mile Zone)	\$6.85	\$6.74	\$6.70

SEPTEMBER 1969

Supply-Demand Comparison: 2nd and 3rd preceding months: June and July	
Supply: Lbs. Producer Milk (June 21,880,550 and July 22,040,556)	43,921,106
Demand: Lbs. Net Class I Milk (June 19,286,274 and July 22,909,392)	42,195,666
Utilization Percentage: Producer milk divided by Class I	104
Standard Utilization Percentage: Range 128-132	128
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 24
Supply-Demand Adjustment: 2 cents x 24 percentage points	Plus \$0.48

COMPUTATION OF PRODUCER UNIFORM PRICE

AUGUST 1969	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		23,619,366	3.292		
Less Other Source		6,273,161	3.259		
Producer Milk Class I	72.4	17,346,205	3.304043	\$6.575058	\$1,140,523.03 ^{1/}
Gross Class II		12,667,884	4.193		
Less Other Source		6,071,432	3.510		
Producer Milk Class II	27.6	6,596,452	4.821168	5.450511	359,540.34
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	23,942,657	3.722026		\$1,500,063.37
Less Fractional Adjustment					.12
Add Value of Overage and Producer Location Adjustment					4,850.17
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,524.20
TOTAL VALUE AT TEST		23,942,657	3.722026	\$6.321093	\$1,513,437.62
Less Test over 3.5% @ 8.0¢ per point		23,942,657	.222026	0.177621	42,527.19
TOTAL UTILIZATION VALUE AT 3.5%		23,942,657	3.5	\$6.143472	\$1,470,910.43
Less Producer Settlement Fund Reserve		23,942,657		.043472	10,408.35
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		23,942,657	3.5	\$6.10 _{2/}	\$1,460,502.08

1/ Includes handler location adjustment.

2/ Subject to 18¢ location adjustment at Cedartown, Georgia plant.

AUGUST 1969 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)
(0-65 MILE ZONE)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$5.70	3.6	\$6.18	4.2	\$6.66	4.8	\$7.14	5.4	\$7.62
3.05	5.74	3.65	6.22	4.25	6.70	4.85	7.18	5.45	7.66
3.1	5.78	3.7	6.26	4.3	6.74	4.9	7.22	5.5	7.70
3.15	5.82	3.75	6.30	4.35	6.78	4.95	7.26	5.55	7.74
3.2	5.86	3.8	6.34	4.4	6.82	5.0	7.30	5.6	7.78
3.25	5.90	3.85	6.38	4.45	6.86	5.05	7.34	5.65	7.82
3.3	5.94	3.9	6.42	4.5	6.90	5.1	7.38	5.7	7.86
3.35	5.98	3.95	6.46	4.55	6.94	5.15	7.42	5.75	7.90
3.4	6.02	4.0	6.50	4.6	6.98	5.2	7.46	5.8	7.94
3.45	6.06	4.05	6.54	4.65	7.02	5.25	7.50	5.85	7.98
3.5	6.10	4.1	6.58	4.7	7.06	5.3	7.54	5.9	8.02
3.55	6.14	4.15	6.62	4.75	7.10	5.35	7.58	5.95	8.06

AUGUST 1969 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	64.3	573,126	\$0.81	\$464,232.06
Class II	35.7	318,026	0.78	248,060.28
Total	100.0	891,152		\$712,292.34

Total Butterfat Value ÷ Total Producer fat pounds = \$0.799294

Producer Butterfat Differential per point variation above or
below 3.5 percent - - - - - \$0.080

CHATTANOOGA ORDER MILK PRICES - 3.5% TEST (0-65 MILE ZONE)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug.'68	\$6.22	-	-	8.0¢	\$6.62	8.0¢	\$4.20	7.7¢
Sept.	6.16	-	-	8.0	6.70	8.0	4.23	7.9
Oct.	6.31	-	-	8.0	6.68	8.2	4.28	7.7
Nov.	6.22	-	-	8.0	6.62	8.1	4.27	7.7
Dec.	6.03	-	-	8.0	6.72	8.0	4.30	7.9
Jan.'69	6.16	-	-	8.0	6.72	8.2	4.27	7.6
Feb.	5.90	-	-	7.8	6.58	8.0	4.23	7.6
Mar.	5.90 2/	\$6.07	\$4.28	7.8	6.56	8.0	4.28	7.6
Apr.	5.71 2/	5.96	4.34	8.0	6.56	8.0	4.34	7.8
May	5.84 2/	6.08	4.37	8.0	6.45	8.1	4.37	7.8
June	5.73 2/	5.88	4.39	8.0	6.34	8.1	4.39	7.8
July	6.03 2/	6.20	4.41	8.0	6.50	8.1	4.41	7.8
Aug.	6.10	-	-	8.0	6.74	8.1	4.42	7.8
Sept.	-	-	-	-	6.85	8.1	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92 Butter	Chi.Area Powder	Minn/Wisc Mfg. Milk	Basic Formula	Class I		Class II	
	¢ Lb.	¢ Lb.	\$-cwt-3.5%	Minimum	Pounds	Test-%	Pounds	Test-%
Aug.'68	66.59	22.90	4.20	4.33	504,464	3.40	96,996	5.47
Sept.	68.54	22.91	4.23	4.33	561,274	3.45	155,047	5.07
Oct.	67.29	22.95	4.28	4.33	617,813	3.59	106,841	6.20
Nov.	66.79	22.75	4.27	4.33	727,083	3.49	158,337	6.39
Dec.	68.73	22.73	4.30	4.33	526,471	3.52	193,342	5.89
Jan.'69	66.41	22.95	4.27	4.33	577,625	3.48	156,506	6.63
Feb.	66.39	22.94	4.23	4.33	538,299	3.42	213,449	5.65
Mar.	66.39	23.04	4.28	4.33	542,370	3.40	215,901	5.50
Apr.	67.59	23.01	4.34	4.33	518,846	3.33	316,364	4.64
May	67.64	23.03	4.37	4.33	579,475	3.31	234,172	4.80
June	67.64	22.98	4.39	4.33	512,990	3.29	216,362	4.88
July	67.64	22.96	4.41	4.33	557,280	3.31	153,706	5.25
Aug.	67.80	23.01	4.42	4.33	559,555	3.30	212,789	4.82

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Aug.'68	17	855,075	708,065	541	601,460	-	3.73	1,112	-	-
Sept.	17	1,014,868	786,828	620	716,321	-	3.80	1,155	-	-
Oct.	17	1,025,424	873,378	619	724,654	-	3.98	1,171	-	-
Nov.	17	1,219,630	938,723	721	885,420	-	4.01	1,228	-	-
Dec.	18	1,003,719	711,555	624	719,813	-	4.16	1,154	-	-
Jan.'69	18	1,052,730	811,681	619	734,131	-	4.16	1,186	-	-
Feb.	18	1,083,443	737,181	612	751,748	-	4.05	1,228	-	-
Mar.	18	1,078,934	739,355	611	758,271	688,137	4.00	1,241	1,126	115
Apr.	17	1,166,507	671,623	609	835,210	709,211	3.82	1,371	1,165	206
May	17	1,111,639	748,156	606	813,647	701,721	3.74	1,343	1,158	185
June	17	1,052,351	697,377	605	729,352	658,441	3.76	1,206	1,088	118
July	18	1,033,980	788,712	619	710,986	644,643	3.73	1,149	1,041	108
Aug.	19	1,170,556	761,915	620	772,344	-	3.72	1,246	-	-

1/ Excludes Premiums-

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I

USDA ISSUES RECOMMENDED DECISION

A public hearing was held in Chattanooga on March 27-28, 1969 with respect to proposed amendments to the Chattanooga and Georgia Federal Orders. A Recommended Decision was issued August 28, 1969 and written exceptions (4 copies) may be filed with the Hearing Clerk, Washington, D. C. not later than September 18, 1969.

1. Market Area Expansion.

The hearing considered whether any or all of the five Georgia counties of Floyd, Gilmer, Gordon, Pickens or Union should be under the Chattanooga or Georgia milk order. It was concluded that these five Georgia counties should become a part of the present Georgia Federal Order marketing area.

2. Proposed Amendments with Respect to the Chattanooga Order only.

A. Revision of location adjustments.

No location adjustments (plus or minus) should be applicable at plants south of either the southern boundary of the State of Tennessee or the northern boundary of the State of South Carolina.

The order now provides for reducing the Class I and uniform prices at plants 65 miles or more, in any direction, from Chattanooga at the rate of 15 cents at plants within 65-75 miles plus an additional 1.5 cents for each additional 10 miles.

B. Elimination of supply-demand adjustor.

The supply-demand adjustment provisions should be deleted from the order. As a corollary change, the Class I differential should be increased 20 cents, the average amount that the supply-demand adjustor has contributed to the Class I price in recent years.

The order now provides that the Class I price shall be adjusted monthly to reflect any change in the supply of milk in the market relative to fluid milk sales. When milk supplies are more than adequate in relation to Class I sales, the Class I price is reduced. Conversely, when supplies are less than adequate relative to sales, the Class I price is increased.

C. Diversion of producer milk.

In any month of September-November a cooperative should be permitted to divert to nonpool plants up to 35 percent of its producer-members' monthly deliveries to all pool plants. Similarly, a pool plant operator should be permitted to divert to nonpool plants up to 35 percent of producer milk (exclusive of that received from producer-members of a cooperative) physically received at his plant during any such month.

The order now permits diversion of the milk of individual producers for not more than 10 days monthly in August-February. Unlimited diversion is allowed in other months. Milk may now be diverted to any nonpool plant except a producer-handler plant or an other order plant. As provided by this decision, diversions to other order plants would be permitted under certain conditions.

D. Classification of skim milk represented by the nonfat solids used to produce reconstituted buttermilk.

No decision was issued with respect to this proposal. It will be dealt with in a later decision.

FEDERAL ORDER MILK BASE RULES

The following rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 - 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 - 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator.

BUTTERFAT TESTS ARE AFFECTED BY MANY FACTORS

Late summer and early fall months are upon us and to dairy farmers seasonal changes usually mean butterfat test variations. The question is, and has been, why does this happen? The following factors are only a few of the possible reasons for butterfat variations which are present on the farm. The dairy farmer should be on constant guard to offset anything that can produce abnormality in the fat test of his herd.

1. Feed and Water. Changes in the kind or quality of feed may cause fat tests to vary temporarily. However, the change will last only until the cows become accustomed to the new feed. Fall and winter are seasons of changing kinds of feeds. According to the U.S. Department of Agriculture, cows having free access to water give over one-tenth more butterfat than cows watered only twice a day.

2. Weather. Changes in temperature and humidity affect fat tests. Generally speaking, a sudden drop in temperature may make fat tests go up; while hot, humid weather frequently causes fat tests to drop. In prolonged droughts when temperatures are high, feed is scarce and cattle must exert themselves to find feed; milk production, fat content, and solids-not-fat may all decline.

3. Lactation. If a cow freshens in first class condition she will usually test high as long as she is "milking the fat off her body." After that, her tests decline until later in her lactation when they tend to rise as her milk flow decreases. The test is usually lowest when the cow is giving the largest amount of milk.

4. Cow Health. Mastitis probably robs the dairy farmer of more butterfat and total milk produced than does all other factors combined. However, a disease that affects the cow's general health usually results in decreased milk production and an increase in fat tests. A dairyman should know each cow's health condition.

5. Handling of Cows. Irregular milk and feeding hours cause variations in fat content. For this reason it's best to feed and milk at regular intervals. Milking time should be quiet time around the dairy. Excitement, fear, or anger caused by loud noises, barking dogs, rough handling or the presence of strangers may cause cows to withhold some of their milk, resulting in fat test variations.